



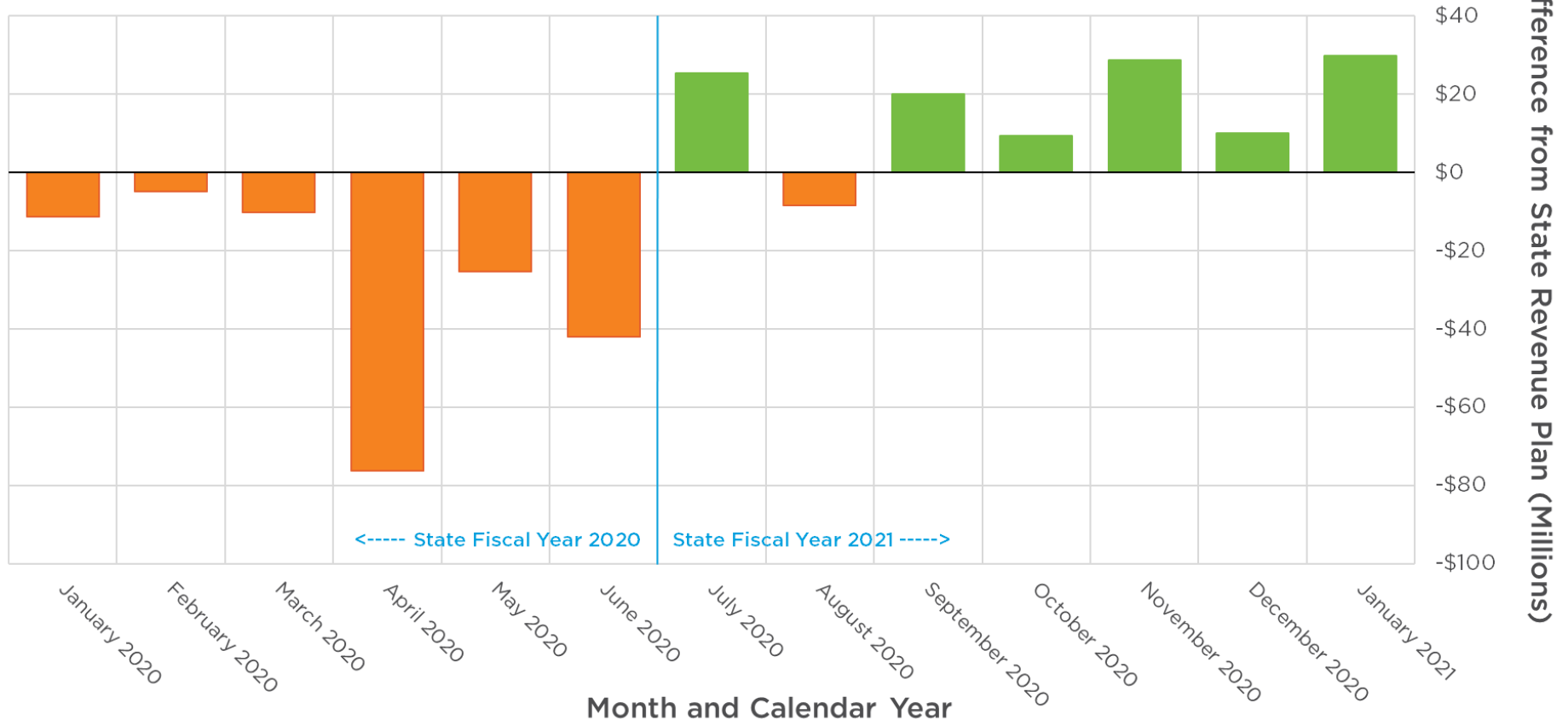
JANUARY REVENUES, TIMELINE UPDATES, AND DESIGNING THE STATE BUDGET

PRESENTED BY PHIL SLETTEN, SENIOR POLICY ANALYST

BREAKFAST BUDGET BRIEFING
FEBRUARY 8, 2021

JANUARY REVENUES ADD TO SURPLUS

REVENUE TO THE NEW HAMPSHIRE GENERAL AND EDUCATION TRUST FUNDS

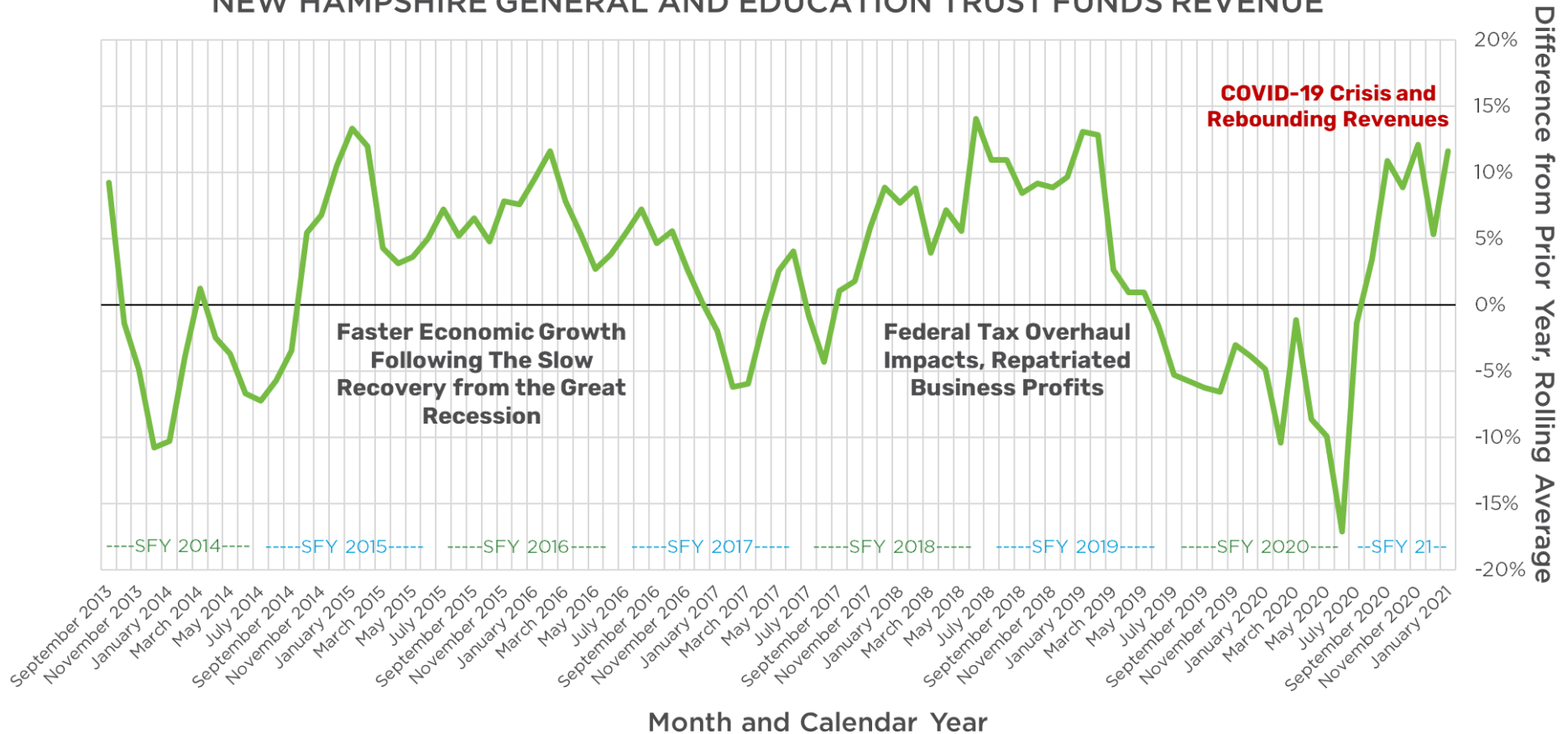


Note: Revenue from all sources, shown on a cash basis.

Source: New Hampshire Department of Administrative Services Monthly Revenue Focus Reports and State Revenue Plan

REVENUE REBOUND CONTINUES

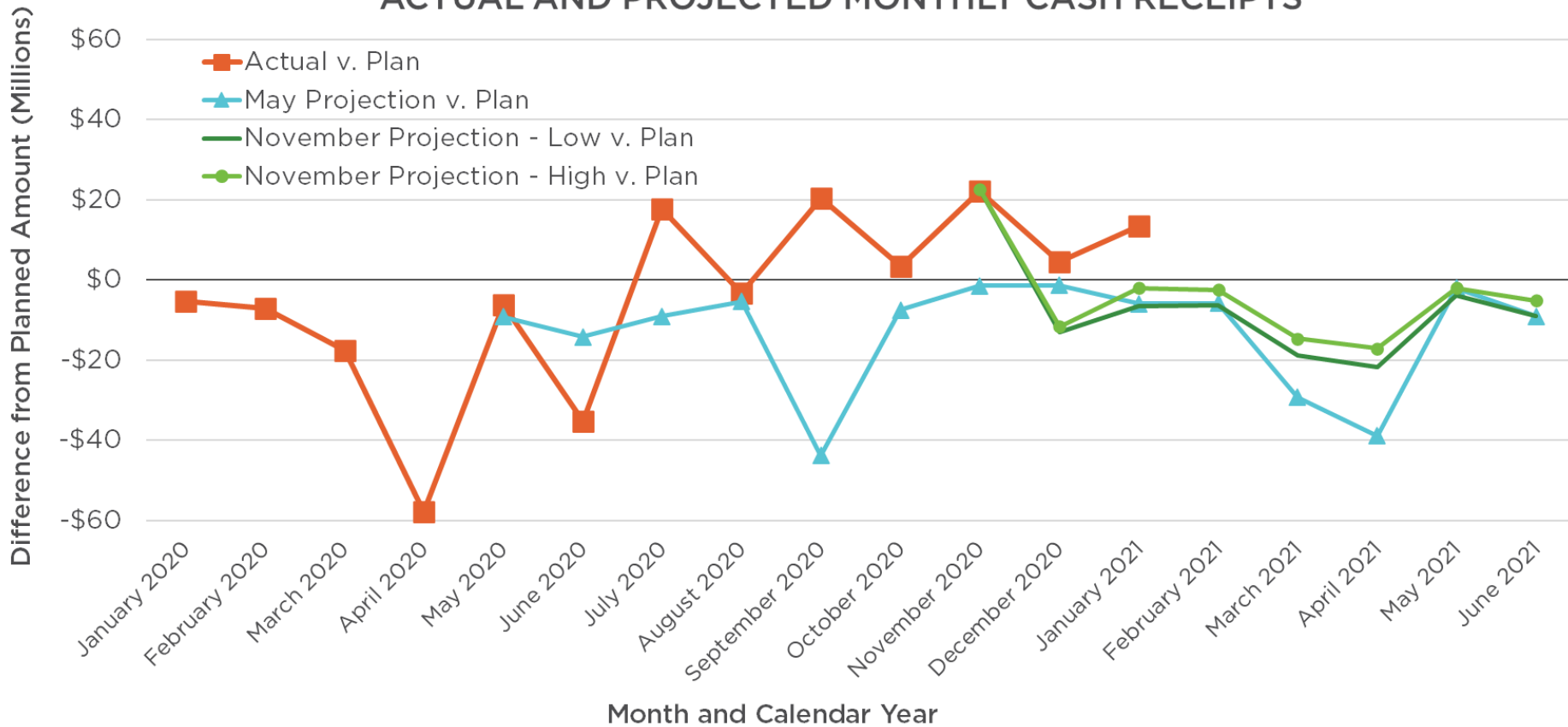
ANNUAL CHANGE IN THREE-MONTH ROLLING AVERAGES OF NEW HAMPSHIRE GENERAL AND EDUCATION TRUST FUNDS REVENUE



Note: Medicaid Enhancement Tax excluded from data. Analysis of revenues on a cash basis. State fiscal year (SFY) also shown.
Sources: New Hampshire Department of Administrative Services Monthly Revenue Focus Reports

TWO BUSINESS TAXES OVERPERFORM

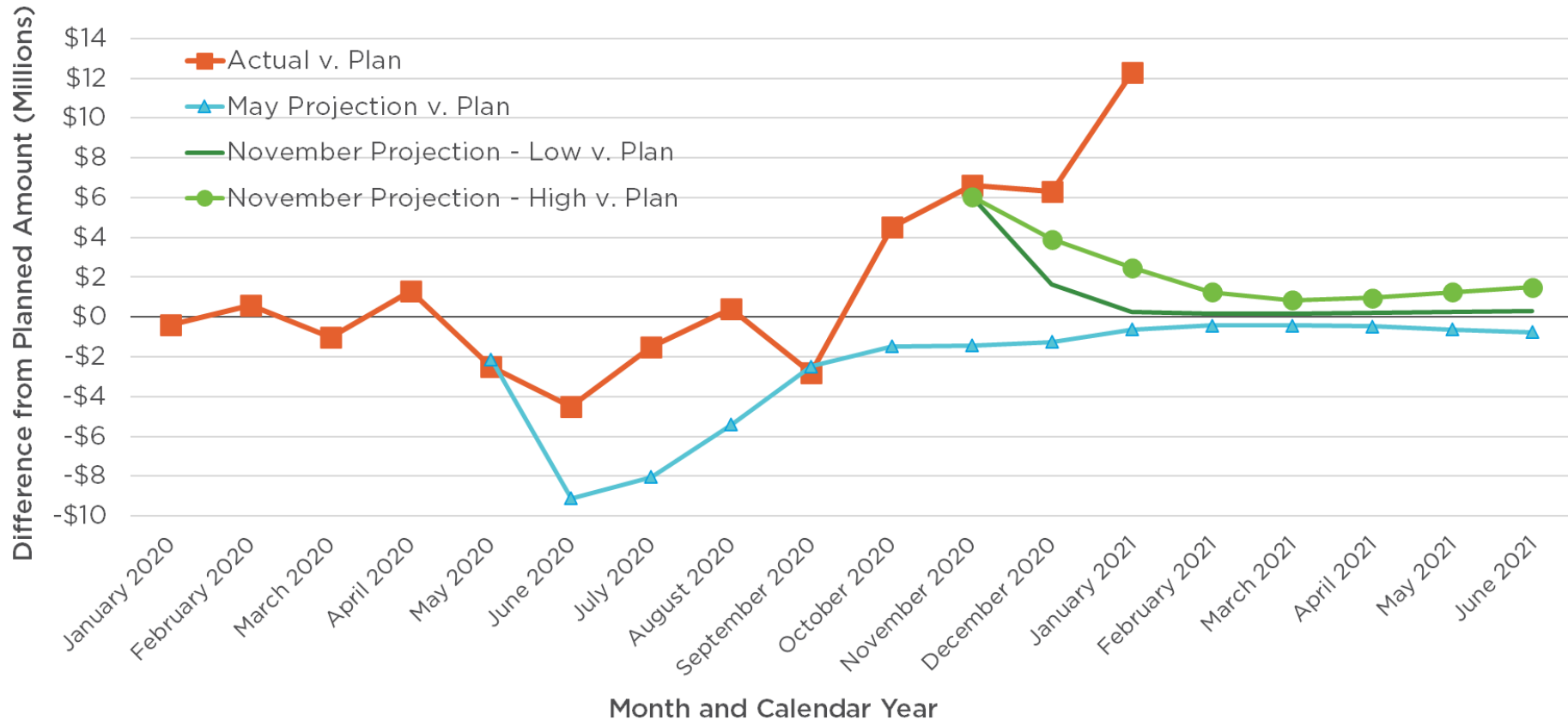
NEW HAMPSHIRE BUSINESS PROFITS AND BUSINESS ENTERPRISE TAXES
ACTUAL AND PROJECTED MONTHLY CASH RECEIPTS



Note: Projected revenue calculations based on Department of Revenue Administration projections and Department of Administrative Services State Revenue Plan.
Sources: New Hampshire Department of Revenue Administration; New Hampshire Department of Administrative Services

REAL ESTATE TRANSFER TAXES MORE THAN DOUBLE JANUARY PLAN

NEW HAMPSHIRE REAL ESTATE TRANSFER TAX ACTUAL AND PROJECTED MONTHLY CASH RECEIPTS

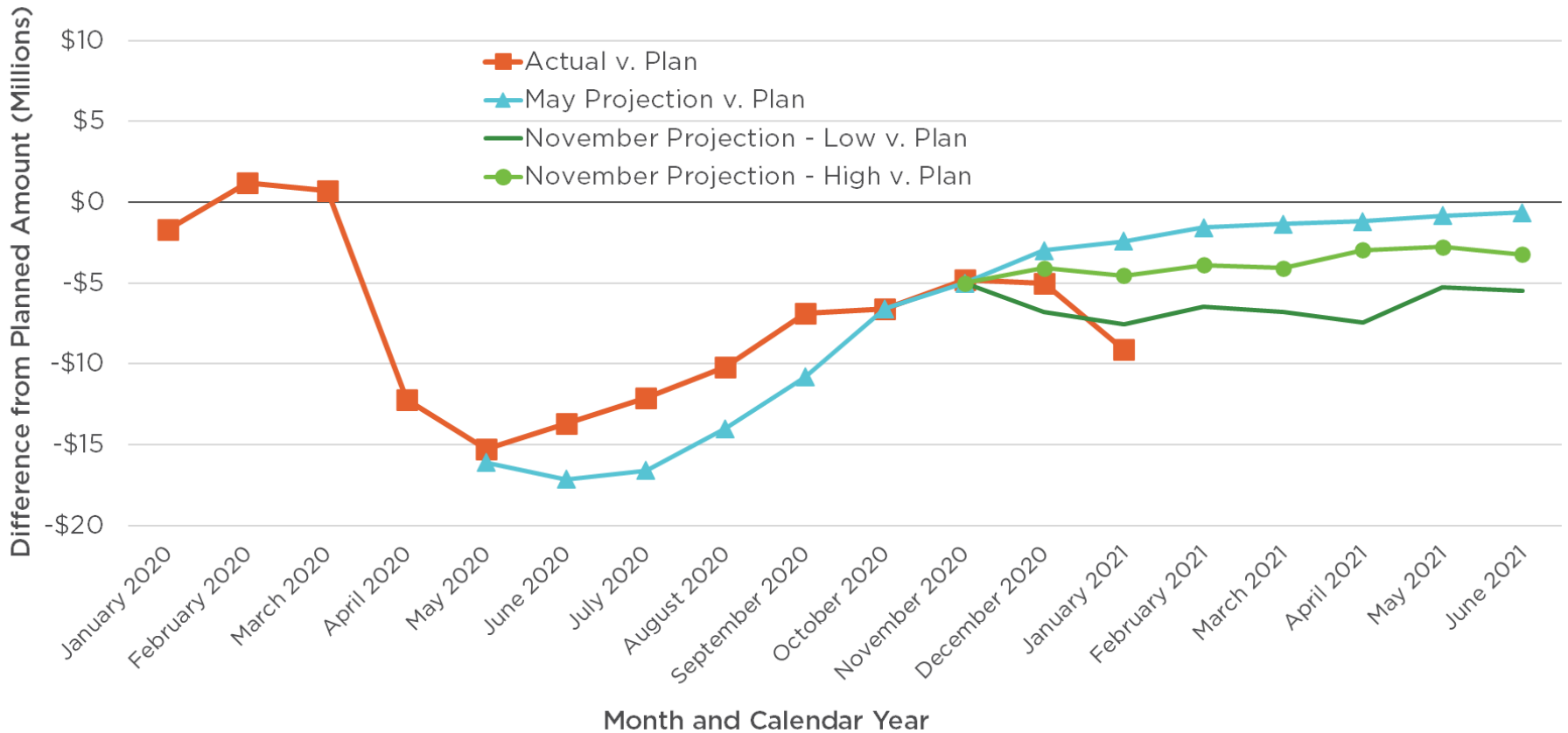


Note: Projected revenue calculations based on Department of Revenue Administration projections and Department of Administrative Services State Revenue Plan. Only includes actual and projected revenue to the General and Education Trust Funds.

Sources: New Hampshire Department of Revenue Administration; New Hampshire Department of Administrative Services

MEALS AND RENTALS TAX SHORTFALLS CONTINUE, SETTING BACK SURPLUS

NEW HAMPSHIRE MEALS AND RENTALS TAX ACTUAL AND PROJECTED MONTHLY CASH RECEIPTS

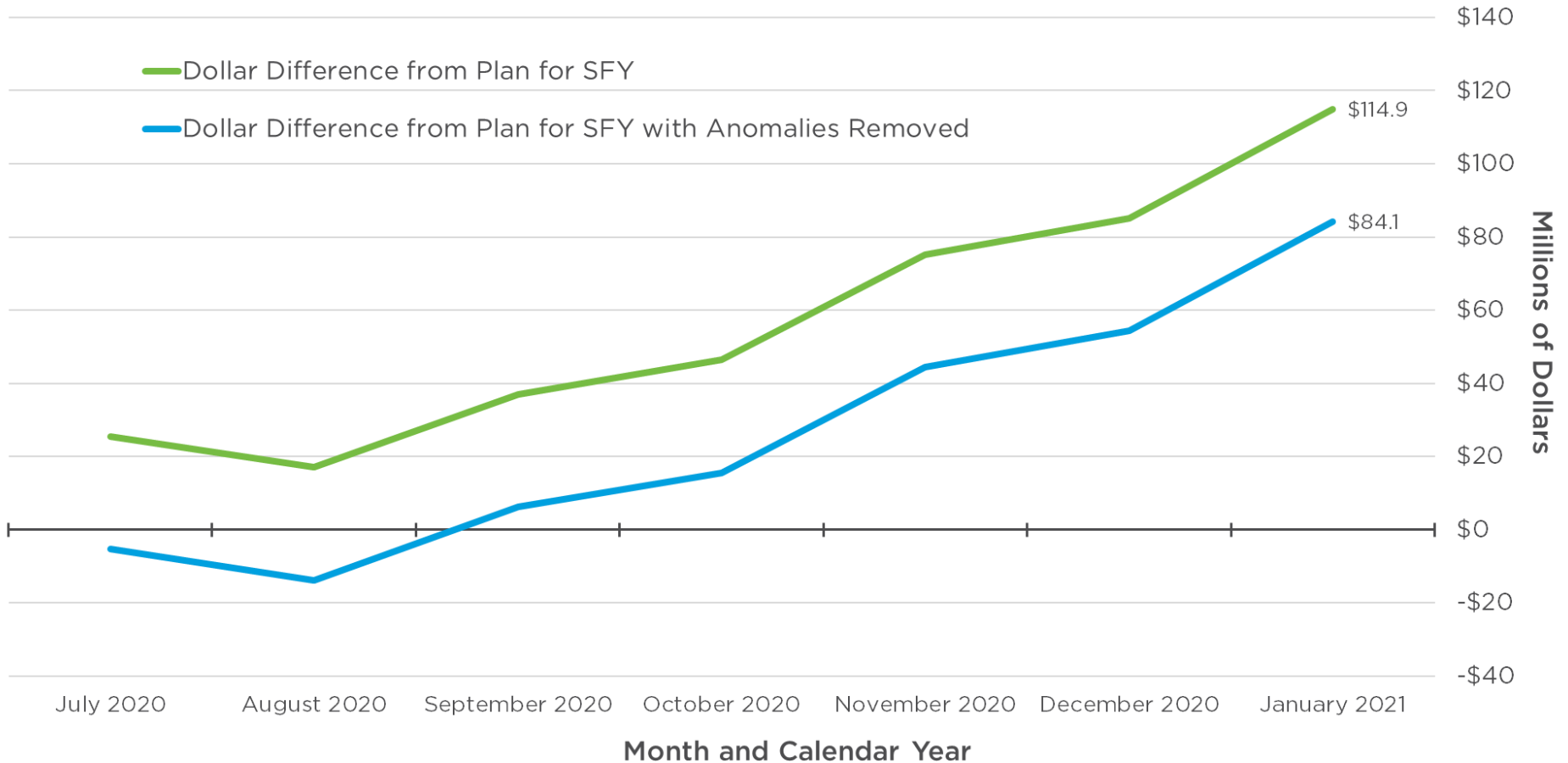


Note: Projected revenue calculations based on Department of Revenue Administration projections and Department of Administrative Services State Revenue Plan. Only includes actual and projected revenue to the General and Education Trust Funds.

Sources: New Hampshire Department of Revenue Administration; New Hampshire Department of Administrative Services

CLIMBING SURPLUS FOR SFY 2021

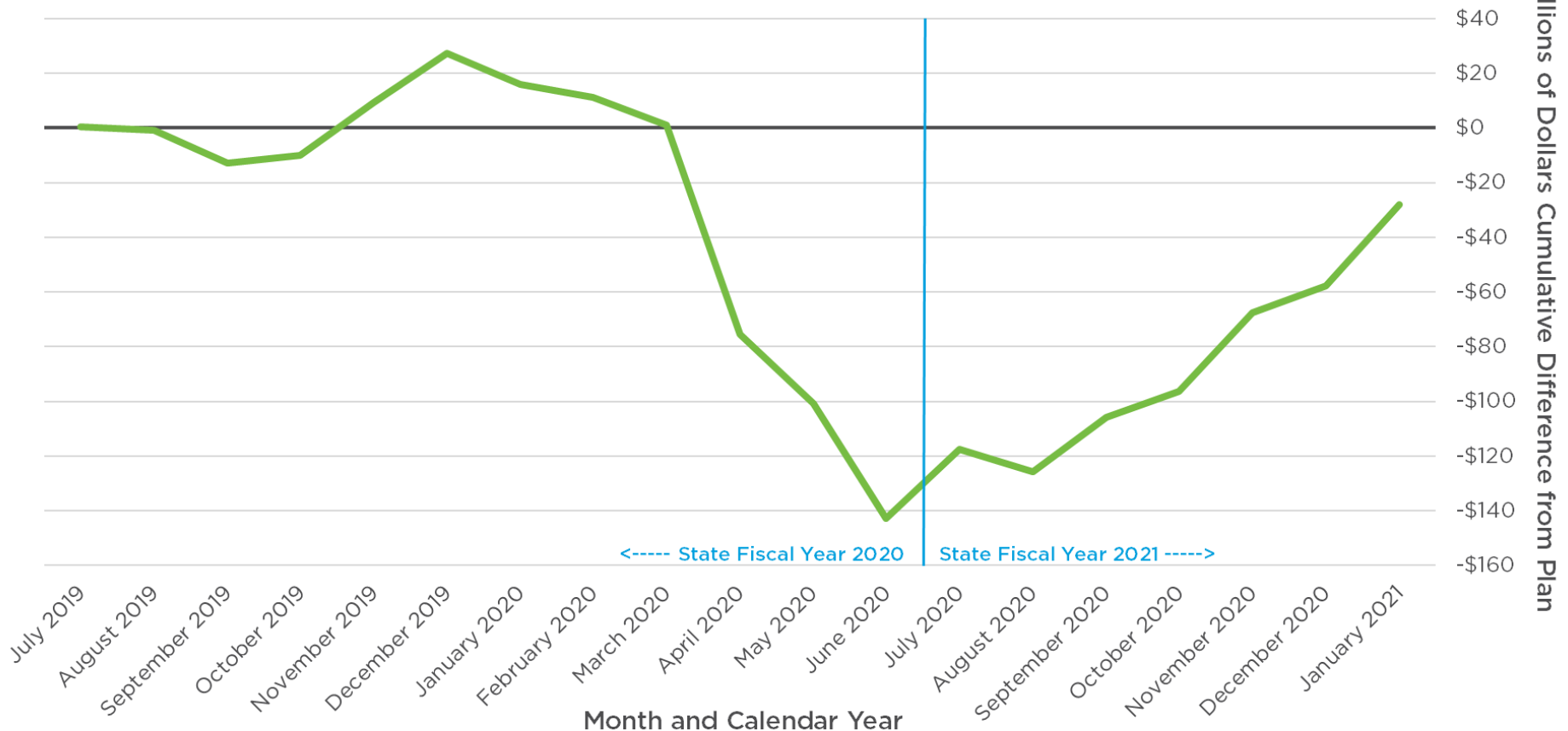
NEW HAMPSHIRE GENERAL AND EDUCATION TRUST FUNDS CASH RECEIPTS WITH AND WITHOUT ANOMALIES REMOVED



Source: New Hampshire Department of Administrative Services Monthly Revenue Focus Reports and State Revenue Plan

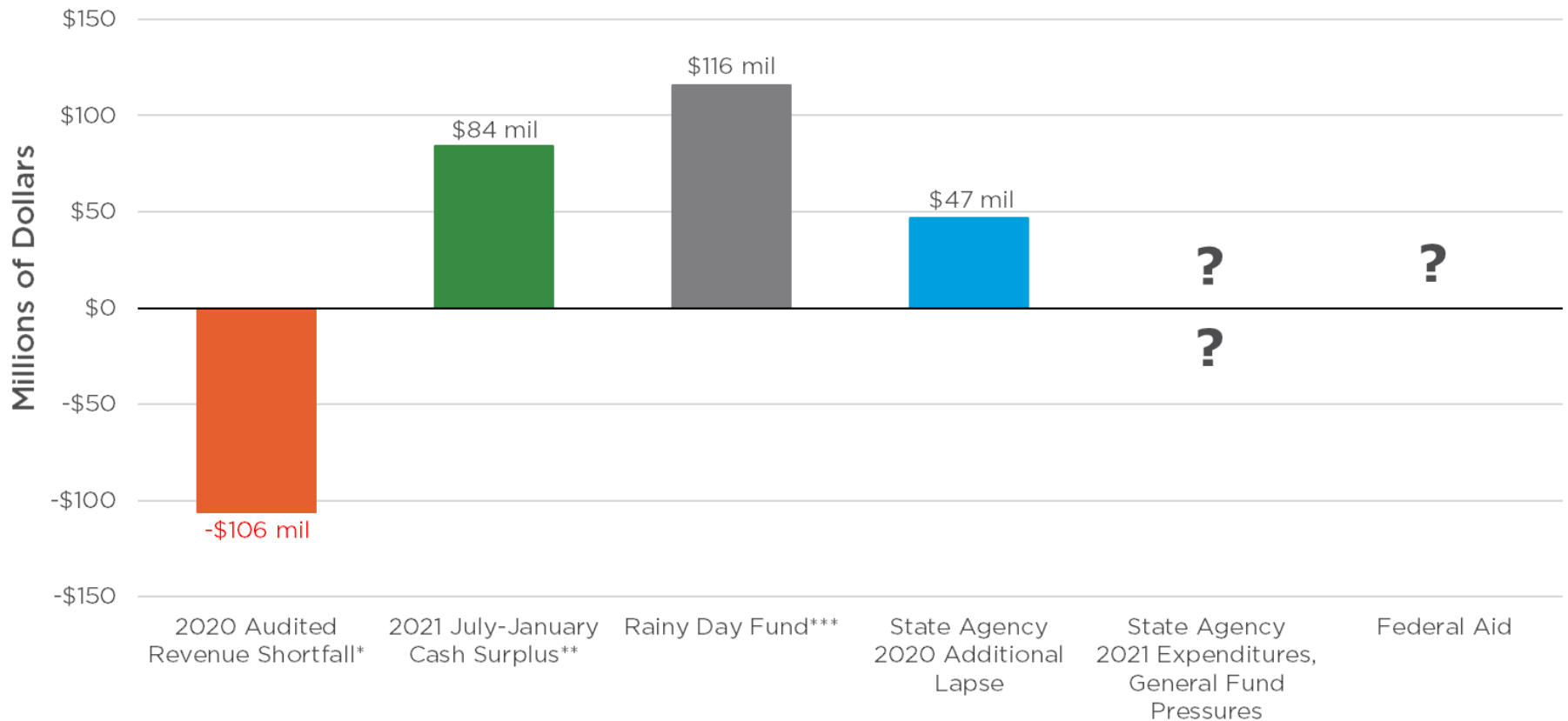
UNAUDITED CASH RECEIPTS IN BIENNIUM CLOSE TO A BALANCED BUDGET

NEW HAMPSHIRE GENERAL AND EDUCATION TRUST FUNDS MONTHLY UNAUDITED CASH RECEIPTS IN CURRENT STATE BUDGET



Source: New Hampshire Department of Revenue Administration Monthly Revenue Focus Reports

ENDING JUNE WITH NO BUDGET DEFICIT?



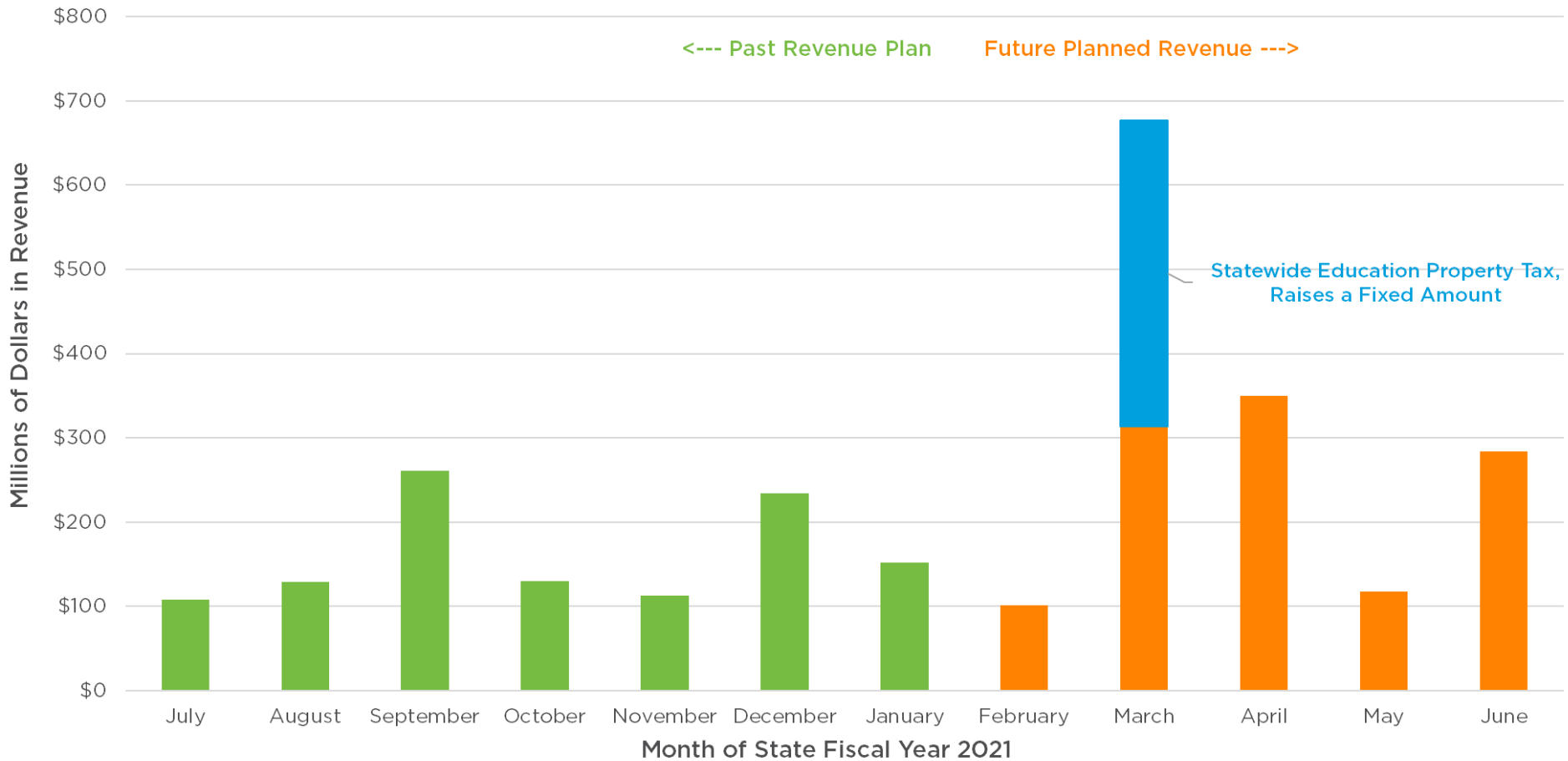
Asset or Change from State Budget Plan New Hampshire General and Education Trust Funds, by State Fiscal Year

Notes: * Audited totals from the State Fiscal Year 2020 Comprehensive Annual Financial Report. ** Excludes \$30.8 million in anomalous revenue shifted to SFY 2020 from total. *** Rainy Day Fund refers to the Revenue Stabilization Reserve Account, balance from the draft Comprehensive Annual Financial Report.

Sources: New Hampshire Department of Administrative Services; New Hampshire Comprehensive Annual Financial Report for Fiscal Year 2020, December 22, 2020.

SIGNIFICANT AMOUNT OF REVENUE STILL OUTSTANDING

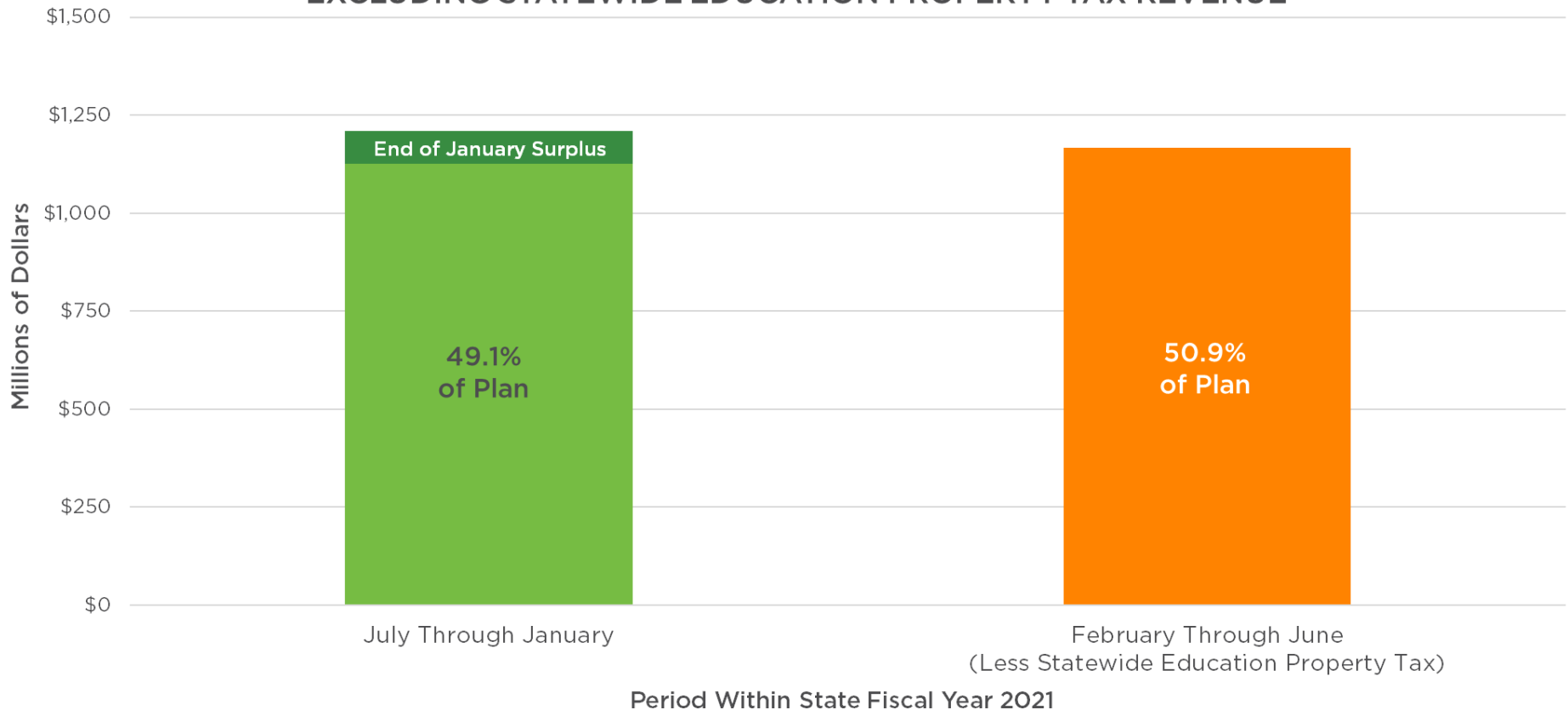
GENERAL AND EDUCATION TRUST FUNDS REVENUE AS PROJECTED IN THE NEW HAMPSHIRE STATE BUDGET STATE REVENUE PLAN



Source: New Hampshire Department of Administrative Services

HALF OF VARIABLE REVENUE IN FUTURE MONTHS, PER STATE REVENUE PLAN

SELECTED PERIODS OF GENERAL AND EDUCATION TRUST FUNDS REVENUE AS PROJECTED IN THE NEW HAMPSHIRE STATE BUDGET STATE REVENUE PLAN EXCLUDING STATEWIDE EDUCATION PROPERTY TAX REVENUE



Source: New Hampshire Department of Administrative Services State Revenue Plan for State Fiscal Year 2021 and January 2021 Monthly Revenue Focus

NOTEWORTHY UPCOMING DATES

- Governor's Budget: Thursday, February 11, 2021 at noon
 - House Bill 1 *and* House Bill 2
- UPDATED Budget Crossover: April 8, 2021, House Budget deadline
- March and April Cash Revenues Known: Early May 2021
- Senate Acts on House Bills: June 3, 2021, Senate Budget deadline
- Committee of Conference report deadline: June 17, 2021
- Last day for House and Senate to pass Committee of Conference reports: June 24, 2021
- State Fiscal Year 2022 Begins: July 1, 2021

DESIGNING A STATE BUDGET TO MEET NEW HAMPSHIRE'S NEEDS DURING AND AFTER THE COVID-19 CRISIS

- Granite Staters may need more support earlier in the budget biennium than later.
- Policymakers have timing flexibility, within the two-year budget window, to help ensure these needs are met while still balancing the State Budget by June 2023.
- Budget operating deficits can be offset by revenue and expenditure adjustments later in the biennium.
- Certain policies, such as direct aid to individuals and maintaining state and local government employment, effectively boost economic growth, while others are less effective.
- Federal aid may be most beneficial if used to temporarily support the recovery.

RETURNS ON INVESTMENT FROM CERTAIN POLICIES

Fiscal Stimulus Multipliers, First Quarter of 2009

Estimates of One-Year Change in Size of the Economy (Gross Domestic Product) for \$1.00 Change in Selected Federal Expenditure or Tax Changes	
Selected Policy Change Analyzed	Economic Growth Per \$1 Invested
Temporary Increase in Supplemental Nutrition Assistance Program Benefits	\$1.74
Temporary Federal Financing of Work-Share Programs	\$1.69
Extension of Unemployment Insurance Benefits	\$1.61
Increase in Infrastructure Spending	\$1.57
General Aid to State Governments	\$1.41
Child Tax Credit*	\$1.38
Payroll Tax Holiday for Employees	\$1.27
Earned Income Tax Credit*	\$1.24
Low Income Home Energy Assistance Program	\$1.13
Payroll Tax Holiday for Employers	\$1.05
Temporary Across-The-Board Tax Cut	\$1.02
Making Permanent Existing Reductions in Dividend and Capital Gains Taxes	\$0.39
Permanent Reduction in Corporate Tax Rate	\$0.32

*Note: Evaluated relative to the parameters of the federal 2009 American Recovery and Reinvestment Act.

Source: Moody's Analytics, published by the Center on Budget and Policy Priorities, *The Financial Crisis: Lessons for the Next One*, October 15, 2015.

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TAKEAWAYS

- State revenues continue to surprise and perform well
- Prospect of ending the current budget biennium with a balanced budget is real, but not certain
- Economy, vaccine distributions in first quarter will likely have a big impact on revenue projections
- House will have until April 8 to pass its version of the State Budget, with a separate Budget Crossover date
- Policymakers can design a State Budget to meet needs of New Hampshire residents when needs are highest, and support the economic recovery early in the biennium
- Certain policies likely to provide more economic stimulus than others, and any new federal aid may be most effective as temporary stimulus



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